

BEFORE THE ILLINOIS COMMERCE COMMISSION

Docket No. 04-0428

**Direct Testimony of Chris Read
On Behalf of SBC Illinois**

SBC Illinois Exhibit 9.0

September 21, 2004

ISSUES

INTERCARRIER COMPENSATION:

11c, 17, 18a, 19

TABLE OF CONTENTS

I. INTRODUCTION.....1

II. PURPOSE.....2

III. INTERCARRIER COMPENSATION BILLING2

DIRECT TESTIMONY OF CHRIS READ
ON BEHALF OF SBC ILLINOIS

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Chris Read. My address is 211 S. Akard, Dallas Texas.

Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?

A. I am employed by SBC Services, Inc. and my current position is Technical Director - Billing, within the Information Technology organization.

Q. WHAT ARE YOUR RESPONSIBILITIES?

A. I manage a group responsible for Industry Forum representation at the Ordering and Billing Forum (OBF), analysis of Billing Performance Measures, and Industry Markets Product/Account Management support for Daily Usage Files (DUF) for all of SBC.

Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

A. I received my Bachelor of Business Administration in Personnel Management from East Texas State University in 1981.

Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE.

A. I began employment with SBC in 1981 in Information Services. My responsibilities included data center operations cycle processing for Payroll, Toll, Customer Records Information System (CRIS), Customer Access Billing System (CABS), and the related online systems. I spent three years in systems development at Corporate Headquarters. I worked for four years in Mid-Range Computer operations with duties including Toll data

collection. Since 1997, I have been a part of the IT Billing Project Management support team. My responsibilities include support for Industry Markets Product and Account managers primarily in the area of Daily Usage Files (DUF).

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE REGULATORY COMMISSIONS?

A. Yes, I have testified before the Illinois Commerce Commission in Docket no. 03-0239 and before the Texas Public Utility Commission in Docket 28209.

II. PURPOSE

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. The purpose of my testimony is to present SBC's position regarding several Inter-carrier Compensation issues related to billing of inter-carrier compensation. I will demonstrate that SBC's proposed contract language is the most appropriate for the issues presented.

III. INTERCARRIER COMPENSATION BILLING

IC ISSUE 17¹: WHAT IS THE PROPER ROUTING AND TREATMENT OF INTRALATA TOLL TRAFFIC THAT IS SUBJECT TO A PRIMARY TOLL CARRIER (PTC) ARRANGEMENT?

Agreement Reference: IC Section 10.1

Q. WHAT IS THE DISPUTE BETWEEN THE PARTIES REGARDING THE ROUTING AND TREATMENT OF INTRALATA TOLL TRAFFIC THAT IS SUBJECT TO A PRIMARY TOLL CARRIER (PTC) ARRANGEMENT?

A. A Primary Toll Carrier arrangement is an arrangement between two LECs regarding toll traffic that passes directly from one LEC to the other. IntraLATA toll traffic that is

¹ Level 3 typically refers not only to the agreed issue numbers that appear in the left-hand column on the DPLs, but also to the tiers and issue numbers that Level 3 used in its petition for arbitration. SBC does not find Level 3's tiers and issue numbers helpful, so I do not refer to them in my testimony.

subject to a Primary Toll Carrier arrangement is thus called “LEC-to-LEC” traffic. In contrast, if the end user has presubscribed its toll traffic to a third party interexchange carrier (“IXC”), that traffic is carried by the originating LEC to the IXC’s network, and ultimately terminated on the second LEC’s network. The two LECs use “Meet Point Billing” to share the access revenues from the IXC. SBC proposes that Level 3 use toll connecting trunks to carry intraLATA toll-switched traffic that is presubscribed to toll carriers, while Section 251(b)(5) interconnection trunks would be used for Section 251(b)(5) traffic, ISP-Bound traffic, and Intrastate, IntraLATA toll traffic that is not presubscribed to intrastate/intraLATA toll carrier (*i.e.* “LEC-to-LEC” traffic). Level 3 proposes that it commingle intraLATA toll traffic that is subject to a primary toll carrier arrangement with traffic that is not subject to such an arrangement, as well as Section 251(b)(5) traffic and ISP-bound traffic.

Q. IS THIS ISSUE APPLICABLE IN ILLINOIS?

A. I don’t believe so. My understanding is that there are no primary toll carrier arrangements in Illinois. Since the disputed language applies only in states with such arrangements, I do not believe it applies in Illinois. Out of an abundance of caution, however, I will address this issue in order to respond to the language offered by Level 3.

Q. WHAT WOULD HAPPEN IF LEVEL 3’S LANGUAGE IS ACCEPTED?

67 A. Presubscribed traffic is subject to Meet-Point Billing, as detailed in Section 12 of the
68 Agreement, while compensation for LEC-to-LEC traffic is governed by Sections 10 and
69 14 of the IC appendix. Mixing the different traffic types, which are subject to different
70 compensation arrangements, will likely result in inaccurate billing. If Level 3 is
71 permitted to use Section 251(b)(5) interconnection trunks to route both 251(b)(5) and
72 IXC traffic (i.e., if Level 3 uses “nonjurisdictional” trunks), neither SBC nor Level 3
73 would be able to isolate or measure the volume of each type of traffic that terminates over
74 that combined trunk group or to segregate the traffic that belongs in a separate
75 compensation category, which in turn would necessitate the use of estimated, percentage
76 factors in lieu of actual measurements to allocate traffic between categories and create a
77 bill.

78 **Q. WHY IS SBC’S LANGUAGE SUPERIOR?**

79 A. SBC’s trunking options permit each carrier to bill the originating carrier for actual
80 minutes of use and actual rates at the time the call was made. This results in accurate
81 billing instead of billing estimates.

82 **Q. LEVEL 3 CONTENDS THAT PERCENTAGE FACTORS ARE REASONABLE**
83 **AND ARE USED IN THE INDUSTRY TO BILL TRAFFIC. HOW DO YOU**
84 **RESPOND?**

85 A. As Ms. Douglas states in her testimony, percentage factors are used in situations where
86 the jurisdictional nature of the traffic *cannot* be identified. Level 3 is suggesting that we
87 *create* unidentifiable traffic. That has never been the industry practice.

88 **IC ISSUE 11C: IS IT APPROPRIATE TO INCLUDE ALL INTRALATA TOLL**
89 **TRAFFIC UNDER A MEET POINT BILLING (“MPB”)**
90 **ARRANGEMENT?**
91 **Agreement Reference: IC Section 14**

Q. IS IT APPROPRIATE TO INCLUDE ALL INTRALATA TOLL TRAFFIC UNDER A MEET-POINT BILLING (“MPB”) ARRANGEMENT?

A. No. Level 3 is proposing that all IntraLATA Toll Traffic be subject to Meet-Point Billing, which is inappropriate. Meet-Point Billing is a method for allocating access revenues from a third party IXC, and it applies to IXC switched access traffic that is jointly provided by two LECs. This is noted in agreed-to language in section 1.1.9.0 of the GTC, which provides a definition of Meet-Point Billing. Meet-Point Billing does not apply to LEC-to-LEC intraLATA toll traffic (traffic that is not carried by a third party toll carrier), nor would it make any sense given that there is no third-party IXC involved. The proper billing arrangement for LEC-to-LEC traffic is discussed in Section 14.1.

IC ISSUE 18A: FOR INTRALATA 800 CALLS, SHOULD THE AGREEMENT REQUIRE THE PARTIES TO PROVIDE 800 ACCESS DETAIL USAGE, OR SHOULD IT PERMIT THE PARTIES TO PROVIDE THE EQUIVALENT?

Agreement Reference: IC Section 11.1

Q. PLEASE DEFINE THE TERMS USED IN THIS ISSUE.

A. The phrase “800 Access Detail Usage” refers to recordings made from a switch when an 800 database query is done. The recording is translated into Exchange Message Interface (EMI) format for transmission to the receiving company. The receiving company can use these recordings to assist in bill verification or to issue a bill to its customer. For example, if Level 3 queries SBC’s 800 database to locate an 800 customer, SBC would provide Level 3 with a record in EMI format, which Level 3 can use to verify bills from SBC (for access to the 800 database) or to bill its own end users.

Q. WHAT IS EMI?

117 A. EMI is the industry-created and accepted standard used for the exchange of
118 telecommunications message information between Sending and Billing Companies for
119 billing and tracking analysis. The EMI was developed and is maintained by Industry
120 participants in the Ordering and Billing Forum (OBF), a committee under the Alliance for
121 Telecommunications Industry Solutions (ATIS). OBF participation is open to all
122 interested parties.

123 **Q. WITH THOSE FACTS IN MIND, SHOULD EMI FORMATTED RECORDS BE**
124 **EXCHANGED FOR 800 USAGE?**

125 A. Yes. Any service provider that sends 800 copy detail usage records for access billing
126 should adhere to the industry-developed and nationally accepted EMI format. The
127 purpose of industry standards is to give parties in the industry a common “language” that
128 will allow them to communicate with each other. SBC has designed its systems to work
129 with the EMI format. Any other non-standard format would require extensive
130 modifications to SBC’s systems for billing access charges.

131

132 **IC ISSUE 19A: IS LEVEL 3 REQUIRED TO FOLLOW THE ORDERING AND**
133 **BILLING FORUM’S (“OBF’S”) MULTIPLE EXCHANGE**
134 **CARRIER ORDERING AND DESIGN (MECOD) AND MULTIPLE**
135 **EXCHANGE CARRIER ACCESS BILLING (MECAB)**
136 **DOCUMENTS FOR MEET-POINT BILLING?**

137

138 **Agreement Reference: IC Section 12**

139 **Q. WHAT WAS THE PURPOSE FOR THE CREATION OF THE MECOD**
140 **DOCUMENT?**

141 A. The MECOD document provides guidance in ordering of access services. The document
142 is maintained by the OBF Interconnection Services Ordering and Provisioning (ISOP)

subcommittee. The MECOD document is not applicable for the discussion of this issue related to "...recording, assembling and editing of message detail records".

Q. WHAT WAS THE PURPOSE FOR THE CREATION OF THE MECAB DOCUMENT?

A. The MECAB document provides Industry-created and accepted guidelines for Meet-Point Billing (MPB) options. The document is maintained by the OBF Billing subcommittee. It was written by Industry participants in an open forum by companies desiring a uniform, documented method to which their companies could establish common practices.

Q. WHAT IS THE DISPUTE REGARDING THE USE OF MECAB AND MECOD?

A. Level 3 is suggesting that the industry standards can be ignored and that the parties could use a customized approach for Level 3.

Q. IS IT REASONABLE TO CONSIDER DIFFERENT OPTIONS FOR RECORDING, ASSEMBLING AND EDITING OF MESSAGE DETAIL RECORDS FOR THE PURPOSES OF BILLING IXC SWITCHED ACCESS TRAFFIC OTHER THAN THOSE PRACTICES CONTAINED IN THE MECAB DOCUMENT FOR MEET-POINT BILLING?

A. No. Consistent with the FCC's NPRM on IP services, any service provider that sends traffic over the Public Switch Telephone Network (PSTN) should adhere to industry developed and nationally accepted compensation arrangements in place. Therefore, Level 3 must adhere to the OBF MECAB default billing arrangement (Multiple Bill/Single Tariff). Records must be exchanged in an EMI Category 11-0X detail format for MPB.

IC ISSUE 19B: WHAT IS THE APPROPRIATE FORM OF INTERCARRIER COMPENSATION FOR MPB TRAFFIC?

Q. WHAT IS THE APPROPRIATE FORM OF INTERCARRIER COMPENSATION FOR MPB TRAFFIC?

A. For any traffic that is sent to or received from an IXC, SBC (in compliance with the MECAB standard), proposes that it continue to apply Switched Access charges.

IC ISSUE 19C: IS IT APPROPRIATE TO LIMIT MEET-POINT BILLING ARRANGEMENTS TO IXC SWITCHED ACCESS SERVICES TRAFFIC JOINTLY HANDLED BY THE PARTIES?

Q. IS IT APPROPRIATE TO LIMIT MEET-POINT BILLING ARRANGEMENTS TO IXC SWITCHED ACCESS SERVICES TRAFFIC JOINTLY HANDLED BY THE PARTIES?

A. Yes. Level 3 is incorrect in proposing that all IntraLATA Toll Traffic be subject to Meet Point Billing. For Switched Access Services, Meet Point Billing arrangements are in place to address only IXC traffic jointly provided by the Parties. IXC traffic that is not jointly provided is not subject to Meet Point Billing. Level 3 proposes to apply Meet Point Billing to all "Circuit Switched Traffic", which would be inappropriate.

IC ISSUE 19D: IN THE EVENT OF A LOSS OF DATA, WHAT IS A REASONABLE TIME FRAME FOR BOTH PARTIES TO RECONSTRUCT THE LOST DATA?

Q. WHAT IS THE APPROPRIATE TIME FRAME FOR RECONSTRUCTING DATA?

A. SBC accepts Level 3's proposal, which provides for 90 days to reconstruct data as noted in Inter-carrier Compensation section 12.9. There should be no remaining dispute on this issue.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.